

AMERICAN  
STORES COMPANY  
PHILADELPHIA

REPORT TO STOCKHOLDERS  
FOR THE YEAR  
1945

# American Stores Company

## OFFICERS

<i>President</i> .....	William Park
<i>Vice-President and General Manager</i> .....	James K. Robinson
<i>Vice-President and Treasurer</i> .....	Wm. M. M. Robinson
<i>Vice-President and Secretary</i> .....	E. J. Flanigan
<i>Vice-President</i> .....	Fred W. Johnson
<i>Vice-President</i> .....	Wm. H. Eden
<i>Assistant Treasurer</i> .....	Wm. Gould
<i>Assistant Secretary</i> .....	J. V. Keers
<i>Assistant Secretary</i> .....	A. J. Faulhaber
<i>Assistant to President</i> .....	Fred J. Heaney

## DIRECTORS

Samuel Robinson	William Park
E. J. Flanigan	Wm. M. M. Robinson
James K. Robinson	Joseph Gilfillan
John M. Hancock	Wm. Gould
Fred J. Heaney	

# STORES CO.

424 NORTH NINETEENTH STREET  
PHILADELPHIA, PA.

OFFICE OF THE PRESIDENT

To the Stockholders of  
American Stores Company:

The consolidated balance sheet as of December 31, 1945 and the statement of consolidated income and surplus for the fiscal year then ended, together with the certificate of Barrow, Wade, Guthrie & Co., independent public accountants, are submitted herewith.

Total sales of \$253,541,509 were approximately 2.6% higher than the 1944 sales of \$227,630,084. Profit before income taxes amounted to \$6,540,192, provision for Federal and State income and excess profits taxes was \$4,565,000 and net income, after taxes, amounted to \$1,975,192, or \$1.51 per share. In the preceding year net income after taxes was \$1,831,590, or \$1.40 per share. Dividends amounting to \$1,301,320, or \$1.00 per share, were paid to stockholders during the year 1945.

At the year end 1,964 retail stores were in operation, a decrease of 56 units during the year. The number of self-service supermarkets, however, was increased by 11.

Settlement of renegotiable government contracts has not been effected for the years 1944 and 1945. It is not expected that any refunds will be required in respect of these periods.

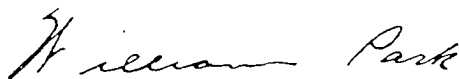
In April 1945, the meat packing plant of The Nuckolls Packing Co. of Pueblo, Colorado was purchased to supplement the production of the company's meat packing operation at Lincoln, Nebraska. In connection with this transaction non-interest bearing purchase money obligations were issued to the seller, payable in equal annual instalments over the period 1945 to 1952.

Towards the close of the year 1945 negotiations were completed with the majority stockholders of Danahy-Faxon Stores, Inc. of Buffalo, New York, whereby 32,143 shares of common stock out of a total of 38,000 shares outstanding were acquired as of January 2, 1946, at a price of \$45 per share. A similar offer was made to the minority stockholders, representing 5,857 shares of common stock. As of the date of this letter 37,760 shares have been acquired, or 99.3% of the outstanding stock. The Danahy-Faxon Stores, Inc., a corporation organized under the laws of the State of New York, operates a chain of 131 grocery and meat retail stores, of which 32 are supermarkets. It is the intention of the management, as soon as conditions warrant, to build a large modern warehouse in the city of Buffalo to take care of the expanding needs of the operations in that territory.

Since V-J Day, 710 employees out of a total of 6,128 entering the armed forces have returned to the company's employ. It is a great satisfaction to welcome these men back and we are proud of their accomplishments. Many of the returned men have taken advantage of the instruction in store operation given at the training schools which were opened during the year 1944. 109 of our employees made the supreme sacrifice in the service of their country. To them we pay tribute and extend to their families our sympathy.

When materials and labor are available, a program of plant and store improvements, necessarily postponed during the period of the war emergency, will be undertaken.

Respectfully submitted,



President.

February 28, 1946.

# AMERICAN STORES COMPANY

and Subsidiary Companies

## Comparative Consolidated Balance Sheet

	ASSETS		
	December 31		
	1945	1944	1943
Current Assets			
Cash .....	\$ 7,420,816	\$ 9,231,819	\$ 4,565,661
Notes and Accounts Receivable:			
Due from U. S. Government.....	685,828	680,921	463,063
Notes and Other Accounts Receivable.....	982,875	915,506	717,650
Inventories—at lower of cost or market.....	23,082,214	20,094,113	24,422,079
Total Current Assets.....	<u>32,171,733</u>	<u>30,922,359</u>	<u>30,168,453</u>
Investment in 2,548 shares Danahy-Faxon Stores, Inc., at cost (see comments in president's letter).....	114,660		
Mortgages, etc. ....	203,392	142,580	149,085
Fixed Assets			
Land, Buildings, Machinery, Equipment, Fixtures, etc.— at cost .....	21,128,965	21,250,798	21,497,871
Less: Reserve for Depreciation.....	<u>9,074,012</u>	<u>10,208,060</u>	<u>9,668,332</u>
	11,154,953	10,952,729	11,829,539
Unamortized Cost of Leasehold Improvements.....	129,964	156,474	172,178
Goodwill .....	1	1	1
Deferred Charges			
Prepaid Insurance, Taxes, etc. ....	228,312	314,817	378,569
	<u>\$44,003,015</u>	<u>\$42,488,960</u>	<u>\$42,697,825</u>
LIABILITIES AND CAPITAL			
Current Liabilities			
Notes Payable—Banks .....	\$	\$ 2,100,000	\$ 3,100,000
Accounts Payable and Accrued Charges.....	6,399,529	4,752,713	5,128,896
Dividend Payable .....	325,330	325,330	325,330
Accrued Federal and State Taxes.....	534,528	695,176	635,917
Reserve for Federal Income and Excess Profits Taxes.....	4,973,181	4,905,638	3,083,262
Less: U. S. Treasury Tax Notes.....	<u>1,885,000</u>	<u>3,010,000</u>	<u>1,669,000</u>
Total Current Liabilities.....	<u>10,347,568</u>	<u>9,768,837</u>	<u>10,604,405</u>
Purchase Obligations, due April 1, 1947-52.....	343,758		
Reserve for Contingencies .....	676,200	758,486	662,073
Capital Stock and Surplus			
Common Stock—no par value			
1,500,000 shares authorized			
1,400,000 shares issued .....	19,374,156	19,374,156	19,374,156
Earned Surplus .....	<u>16,781,442</u>	<u>16,107,570</u>	<u>15,577,300</u>
	36,155,598	35,481,726	34,951,456
Less: Treasury Stock—98,680 shares.....	<u>3,520,109</u>	<u>3,520,109</u>	<u>3,520,109</u>
	32,635,489	31,961,617	31,431,347
	<u>\$44,003,015</u>	<u>\$42,488,960</u>	<u>\$42,697,825</u>

# AMERICAN STORES COMPANY

and Subsidiary Companies

## Comparative Statement of Consolidated Income and Surplus

### INCOME ACCOUNT

	<i>Year ended December 31</i>		
	1945	1944	1943
Sales—Retail Stores .....	\$220,412,091	\$216,283,967	\$203,408,368
Sales—U. S. Government, etc. ....	13,129,418	11,346,117	8,673,813
	<u>233,541,509</u>	<u>227,630,084</u>	<u>212,082,181</u>
Cost of Sales and Operating Expenses			
Cost of Merchandise Sold, including Warehousing and Transportation Expenses .....	196,576,328	192,366,379	179,674,486
Wages, Rents, Advertising, Operating and Administra- tive Expenses .....	28,852,559	27,627,868	26,637,806
Depreciation .....	1,246,495	1,195,586	1,250,435
Amortization of Emergency Facilities.....	316,403	65,879	5,544
	<u>226,991,785</u>	<u>221,255,712</u>	<u>207,568,271</u>
Profit from Operations....	<u>6,549,724</u>	<u>6,374,372</u>	<u>4,513,910</u>
Interest on Bank Loans, etc. ....	36,777	49,170	58,972
Less: Income from Investments, etc. ....	27,245	26,388	29,146
	<u>9,532</u>	<u>22,782</u>	<u>29,826</u>
Profit before Income Taxes	<u>6,540,192</u>	<u>6,351,590</u>	<u>4,484,084</u>
Federal and State Income Taxes.....	1,072,000	1,120,000	1,060,000
Federal Excess Profits Tax.....	3,493,000	3,400,000	1,715,000
	<u>4,565,000</u>	<u>4,520,000</u>	<u>2,775,000</u>
Net Income .....	<u>\$ 1,975,192</u>	<u>\$ 1,831,590</u>	<u>\$ 1,709,084</u>

### EARNED SURPLUS

Balance at beginning of year.....	\$ 16,107,570	\$ 15,577,300	\$ 15,169,536
Net Income for year.....	<u>1,975,192</u>	<u>1,831,590</u>	<u>1,709,084</u>
	18,082,762	17,408,890	16,878,620
Dividends—\$1.00 per share .....	<u>1,301,320</u>	<u>1,301,320</u>	<u>1,301,320</u>
Balance at end of year....	<u>\$ 16,781,442</u>	<u>\$ 16,107,570</u>	<u>\$ 15,577,300</u>

# BARROW, WADE, GUTHRIE & CO.

ACCOUNTANTS AND AUDITORS

GIRARD TRUST BUILDING

PHILADELPHIA, PA.

*To the Board of Directors of*

*American Stores Company:*

We have examined the consolidated balance sheet of American Stores Company and its subsidiary companies as of December 31, 1945, and the statement of consolidated income and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. As it was not practicable to confirm receivables from the United States Government, we satisfied ourselves as to the substantial accuracy of these accounts by other means. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related statement of consolidated income and surplus present fairly the consolidated position of American Stores Company and its subsidiary companies at December 31, 1945, and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

BARROW, WADE, GUTHRIE & CO.

February 23, 1946.

# AMERICAN STORES COMPANY

and Subsidiary Companies

## Summary of Earnings, Dividends and Capital Stock and Surplus

*For the Five Years Ended December 31, 1945*

	1945	1944	1943	1942	1941
Sales .....	\$235,541,509	\$227,630,084	\$212,082,181	\$209,105,553	\$158,446,626
Profit before Income Taxes....	6,540,192	6,351,590	4,484,084	5,651,865	3,320,429
Provision for Federal and State Income Taxes and Federal Excess Profits Tax .....	4,565,000	4,520,000	2,775,000	3,643,000	1,160,000*
Net Income .....	1,975,192	1,831,590	1,709,084	2,008,865	2,160,429
Per Share:					
Earnings .....	\$1.51	\$1.40	\$1.31	\$1.54	\$1.66
Dividends .....	1.00	1.00	1.00	1.00	1.00
Capital Stock and Surplus....	32,635,489	31,961,617	31,431,347	31,023,583	30,316,037
Number of Retail Stores at Year-end:					
Self-service Supermarkets...	606	595	579	576	517
Other Stores .....	1,358	1,425	1,487	1,523	1,613
Total Stores .....	1,964	2,020	2,066	2,099	2,130

\*No provision for Federal Excess Profits Tax required



*Above is a reproduction of one of our Acme Super Markets  
owned and operated by American Stores Company.*